

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10

L-03 NSAE-00 PA-01 SP-02 SS-15 USIE-00 NSCE-00

INRE-00 SSO-00 PC-01 AID-05 SIL-01 LAB-04 EB-08

TRSE-00 OMB-01 /072 W

-----080463 012317Z /66

O R 012134Z MAR 78

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 5880

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SECTION 1 OF 2 MANAGUA 1002

E.O. 11652: GDS

TAGS: PINT, PGOV, SHUM, NU, EGEN

SUBJECT: SOMOZA'S FEBRUARY 26 SPEECH: ANALYSIS

REF: MANAGUA 0926

SUMMARY: THE FEBRUARY 26 LIBERAL PARTY RALLY AND PRESIDENT SOMOZA'S SPEECH WERE DESIGNED TO DEMONSTRATE LIBERAL PARTY-GON STRENGTH. IN THIS RESPECT IT WAS FAR LESS SUCCESSFUL THAN TOUTED. IT WAS ALSO INTENDED TO SEND MESSAGES TO MANY SECTORS OF THE SOCIETY AND TO INTERNATIONAL OBSERVERS. IN THIS ASPECT, THE RESULTS ARE MIXED SOMOZA WILL BE EXPECTING A FAVORABLE REACTION FROM THE USG. END SUMMARY.

1. THE RALLY ON FEBRUARY 26 WAS PORTRAYED IN ADVANCE AS A MASSIVE DEMONSTRATION OF LIBERAL PARTY SUPPORT FOR PRESIDENT SOMOZA AND THE NATIONAL GUARD IN ANSWER TO THE NATIONAL WORK STOPPAGE. THE ORGANIZERS REPORTEDLY PULLED OUT ALL STOPS TO PRODUCE PARTY FAITHFUL, GOVERNMENT EMPLOYEES, AND CAMPESINOS. BUSES AND GOVERNMENT TRUCKS WERE ORGANIZED, PER DIEM AND POST-RALLY PARTIES WERE OFFERED, AND PUBLIC EMPLOYEES WERE THREATENED WITH DISMISSAL IF THEY DID NOT

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ATTEND. THE GON PREDICTED THAT 200,000 WOULD TURN OUT FOR THE RALLY AND STUCK BY THAT FIGURE AFTER THE EVENT. AFTER THE RALLY, OPPOSITION NEWSPAPER LA PRENSA STATED IT WAS DOUBTFUL THE CROWD REACHED EVEN ON-QUARTER THAT AMOUNT. (EMB ESTIMATE WAS ABOUT 20-30,000 AT ITS PEAK.) THE CROWD SIZE WAS ABOUT THE SAME THE GON HAS TURNED OUT FOR MAJOR POLITICAL RALLIES DURING THE LAST YEAR.

2. SOMOZA'S THEME WAS THAT HE AND HIS PARTY OCCUPY THE CENTER OF THE POLITICAL SPECTRUM WITH COMMUNIST REVOLUTIONARIES BESIEGING HIM FROM ONE SIDE AND REACTIONARY CAPITALISTS FROM THE OTHER. HIS HEAVY EMPHASIS ON SOCIAL WELFARE INITIATIVES WAS DESIGNED TO APPEAL TO WORKERS, CAMPESINOS, AND CIVIL SERVANTS. SOMOZA SPECIFICALLY ADDRESSED SEVERAL DEMANDS WHICH HAD BEEN ADVANCED BY HIS POLITICAL AND PRIVATE SECTOR OPPONENTS: CHAMORRO ASSASSINATION INVESTIGATION; OPENING THE POLITICAL SYSTEM; HIS INTENDED DEPARTURE FROM THE GN AS WELL AS THE PRESIDENCY; AND FREE LABOR UNION ACTIVITY. REGARDING LABOR UNIONS AND THE WELFARE BENEFITS HE HAS ALSO PROPOSED INITIATIVES WHICH COULD BE COSTLY TO THE PRIVATE SECTOR.

3. THE REACTION OF THE POLITICAL OPPOSITION HAS BEEN LARGELY AS EXPECTED. THEY FEEL VERY STRONGLY THAT SOMOZA CANNOT BE TRUSTED. THEY CONSIDER PROMISES OF CHANGE BY HIM TO BE WORTHLESS, AT BEST, AND AN ATTEMPT TO DIVIDE THE UNITED POLITICAL-BUSINESS-LABOR OPPOSITION, AT WORST. HOWEVER, GOING BEYOND THE EMOTIONAL LEVEL, THE OPPOSITION ALSO CHALLENGES SOME OF THE SPECIFIC PROPOSALS. THE MAJOR POINTS OF THE SPEECH, AND OPPOSITION REACTION ARE AS FOLLOWS:

4. " WE WILL SUPPORT A COMMISSION COMPOSED OF ILLUSTRIOUS AND IMPARTIAL CITIZENS TO EXAMINE AND ANALYZE THE CRIMINAL JUDGMENT (IN THE CHAMORRO ASSASSINATION) AND, IF NECESSARY, MAKE APPROPRIATE RECOMMENDATIONS..." THE OPPOSITION HAS CALLED FOR SUCH AN INVESTIGATION AND WILL WITHHOLD JUDGMENT PENDING RESULTS. WIRE SERVICE REPORTS  
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ALSO INDICATE A REQUEST BY THE GON TO THE INTER-AMERICAN PRESS ASSN. FOR AN INVESTIGATION OF THE ASSASSINATION.

5. IN 1981 "... I WILL TURN OVER THE PRESIDENCY TO THE NICARAGUAN WHO IS ELECTED BY NICARAGUA'S POPULAR VOTE. ON THAT DATE I WILL GO TO MY HOME JUST ANOTHER LIBERAL PARTY MEMBER, AND I WILL RETIRE AS CHIEF OF THE ARMED FORCES SO THAT NICARAGUA HAS A DEMOCRATIC EVOLUTION AND SO OUR ARMED INSTITUTION EVOLVES FOR THE BENEFIT AND WELFARE OF ALL NICARAGUANS." THIS STATEMENT ADDRESSES THE OPPOSITION'S CONCERNS RE "CONTINUISMO", BUT THE POLITICAL OPPOSITION IS PRESENTLY UNWILLING TO ACCEPT CONTINUED SOMOZA RULE UNTIL 1981, ESPECIALLY SINCE THEY BELIEVE THEY HAVE HIM ON THE RUN. NEVERTHELESS THE STATEMENT IS SIGNIFICANT ON ITS FACE AS THE FIRST PUBLIC ANNOUNCEMENT BY SOMOZA OF HIS WILLINGNESS TO SURRENDER HIS MILITARY HAT AS WELL AS THE PRESIDENCY. IT IS ALSO IMPORTANT AS AN IMPLICIT RECOGNITION BY SOMOZA THAT SOMOZA FAMILY CONTROL OF THE GN HAS BEEN AN IMPEDIMENT TO DEMOCRATIC AND INSTITUTIONAL EVOLUTION.

6. SOMOZA ANNOUNCED PLANS FOR LIBERAL PARTY (PLN) REORGANIZATION THROUGH ELECTION OF NEW CONVENTION DELEGATES. THIS MESSAGE IS TO THE PLN TO PROMISE A POSSIBLE OPENING TO NEW BLOOD.

7. TO FACILITATE DIALOGUE AND PERMIT A LARGER NUMBER OF POLITICAL GROUPS TO PARTICIPATE IN AFFAIRS OF THE STATE... " I WILL RECOMMEND TO THE (LIBERAL PARTY) MEMBERS OF THE NATIONAL CONGRESS... THAT THEY TAKE THE INITIATIVE TO PARTIALLY REFORM THE CONSTITUTION AND THE ELECTORAL LAW...SO THAT THE DOORS ARE OPEN TO WHATEVER POLITICAL MOVEMENT, AND THAT THOSE WHO WANT TO CAN PARTICIPATE IN FUTURE ELECTIONS OF ALL POLITICAL AUTHORITIES." THIS HAS BEEN A KEY DEMAND OF THE UDEL OPPOSITION LEADERS IN THE PAST. NOW, HOWEVER, THEY DESCRIBE THIS INITIATIVE AS ONLY ONE PART OF AN OVERALL PACKAGE OF CHANGES WHICH MUST INCLUDE GUARANTEES TO PROVIDE FOR HONEST ELECTIONS.

THE POLITICAL OPPOSITION IS NERVOUS THAT SOMOZA IS TRYING TO BREAK UP THEIR NASCENT OPPOSITION POLITICAL UNITY MOVEMENT. ONE OPPOSITION COMMENTATOR PUBLICLY CALLED FOR A CAREFUL STUDY OF THE PRO-  
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POSED CHANGE RATHER THAN ITS DISMISSAL OUT OF HAND. THE OPPOSITION CONSERVATIVES (PCN) STAND TO LOSE MANY GUARANEED POSITIONS FROM THIS PROPOSED CHANGE. THEY ARE LIKELY TO ACCEPT THE CONCEPT RELUCTANTLY IN THE HOPE THAT OPPOSITION UNITY WILL GROW AND BE EXPRESSED IN ELECTIONS UNDER THE UMBRELLA OF THEIR ALREADY REGISTERED PARTY.

8. "DURING THE YEAR WE WILL REINFORCE OUR BALANCE OF PAYMENTS, AND CONSOLIDATE PUBLIC FINANCES... AND MAINTAIN FREE CONVERTIBILITY OF THE CORDOBA AT 7 TO 1." THIS MESSAGE WAS DESIGNED TO RESTORE CONFIDENCE IN THE ECONOMY, WHICH OPPOSITIONISTS ARE ACTIVELY TRYING TO PORTRAY AS SHAKEY. (COMMENT: EMBASSY FORESEES NO RPT NO ECONOMIC GROWTH IN 1978 UNLESS GON CAN RESTORE PUBLIC CONFIDENCE. GON IS AND WILL REMAIN THROUGHOUT 1978 IN A FINANCIAL BIND.)

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L-03 NSAE-00 PA-01 SP-02 SS-15 USIE-00 NSCE-00  
INRE-00 SSO-00 PC-01 AID-05 SIL-01 LAB-04 EB-08  
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-----080514 012316Z /66

O R 012134Z MAR 78  
FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 5881  
INFO AMEMBASSY GUATEMALA  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
AMEMBASSY TEGUCIGALPA

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9. " A GUARANTEE FUND FOR THE PURCHASE OF LAND IS BEING CREATED IN THE LEGISLATURE SO THAT THE SMALL FARMER MAY ACQUIRE AGRICULTURAL MEANS THROUGH GUARANTEES." THIS PROPOSAL, DEVELOPED IN CONSULTATION WITH USAID, WAS CRITICIZED IN LA PRENSA OF FEBRUARY 27 AS A MEANS TO AVOID REAL AND INTEGRAL AGRARIAN REFORM. THE OPPOSITION ARGUMENT IS THAT IS IS IRRATIONAL TO USE SCARCE RESOURCES (MONEY) TO STIMULATE DEMAND FOR AN ABUNDANT RESOURCE (LAND) AND THEREBY RAISE THE COST OF LAND AND MAKE FARMY LESS COST EFFECTIVE. THE TYPE OF REFORM THEY WOULD PROBABLY LIKE TO SEE AS REAL AND INTEGRAL WOULD BE THE BREAK UP OF LARGE LAND HOLDINGS, WHICH IS QUESTIONABLE AS LONG AS UNUSED LAND IS ABUNDANT.

10. THE PROPOSAL THAT IN THE NEXT CONGRESS THERE WOULD BE SOCIAL WELFARE REFORM PROPOSALS TO BENEFIT THE POOR "IN ACCORDANCE WITH THE ECONOMIC CAPACITY OF THE NATION," WAS CHALLENGED ON THE BASIS OF THE GON TO PAY FOR THESE SERVICES. THE OPPOSITION ARGUMENT IS THAT SOCIAL SECURITY MEDICAL BENEFITS HAVE NOT BEEN EXTENDED EFFECTIVELY EITHER WITHIN OR OUTSIDE MANAGUA TO DATE AND THE NATIONAL BUDGET IS IN TROUBLE BECAUSE OF A DETERIORATING ECONOMY THEIR REASONING IS THAT A REAL, NOT NOMINAL, DISTRIBUTION OF WEALTH IS NECESSARY AND INFLA-  
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TION (WHICH EMB ESTIMATES WILL BE ABOUT 12-15 PERCENT THIS YEAR) WOULD UNDERMINE REAL BENEFITS.

11. THE OPPOSITION LINE PRESENTED IN LA PRENSA OF FEBRUARY 27, AND ADVANCED BY OTHER POLITICAL OPPOSITION ELEMENTS AS WELL, IS THAT THEY WILL REMAIN DISTRUSTFUL OF PROMISES BY SOMOZA. THEY WANT TO SEE TANGIBLE RESULTS. FOR EXAMPLE, LA PRENSA ASKS, WHY DOESN'T SOMOZA SURRENDER THE POSITION OF CHIEF DIRECTOR OF THE GN NOW? WHY DOESN'T HE RECOGNIZE THE OUTSTANDING PETITIONS FOR UNION RECOGNITION NOW PENDING? WHY DOESN'T HE GRANT AMNESTY FOR POLITICAL PRISONERS? WHY NOT SUSPEND APPLICATION OF THE RADIO AND TV CODE? WHY NOT APPOINT COMMISSIONS TO INVESTIGATE CORRUPTION AND HUMAN RIGHTS VIOLATIONS? WHY NOT STOP DOCKING CIVL SERVANTS 5 PERCENT OF THEIR SALARY FOR THE LIBERAL PARTY?

12. THE SPEECH ALSO CONTAINED CONSIDERABLE RHETORIC, AND SOMOZA WAS MUCH MORE ANIMATED IN HIS DELIVERY THAN NORMALLY. PART OF THE RHETORIC WAN ANTI-US. SOMOZA IN REFERRING TO THE PAST GLORIES OF THE PLN REFFERED TO THE NATIONALIZATION FROM THE "HANDS OF WALL STREET" OF THE NATIONAL BANK. HE SAID NICARAGUA HAS NOTHING TO FEAR

FROM HUMAN RIGHTS CAMPAIGNS BECAUSE LIBERALISM WAS PROMOTING HUMAN RIGHTS BEFORE THE UNDECLARATION OF UNIVERSAL HUMAN RIGHTS. SOMOZA WENT ON TO SAY "THOSE WHO HISTORICALLY OPPRESSED BLACK (AND MESTIZO INDIANS AS SECOND CLASS CITIZENS) ARE TEACHING NOTHING TO US IN NICARAGUA.

13. COMMENT: SOMOZA PROBABLY BELIEVES HE HAS MADE MAJOR CONCESSIONS TOWARDS INITIATING A PROCESS OF CHANGE, AS WE AND OTHERS HAVE URGED, AND HE ALSO PROBABLY EXPECTS A PROMPT FAVORABLE REACTION FROM THE USG. IT WAS CLEAR IN ADVANCE THAT SOMOZA'S MORE OUTSPOKEN POLITICAL OPPONENTS WOULD AUTOMATICALLY REJECT ANYTHING OTHER THAN A FAREWELL SPEECH. THEY DO HAVE A POINT, HOWEVER, IN THAT ALL THEY HAVE BEEN OFFERED TO DATE IS A SERIES OF PROPOSALS RATHER THAN TANGIBLE ACTIONS. IN LIGHT OF THE DEPARTMENT'S DESIRE FOR A LOWER U.S. PRO-CONFIDENTIAL

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FILE IN CURRENT SITUATION, EMB FEELS THAT NO PUBLIC STATEMENT ON SPEECH SHOULD BE MADE HERE OR IN WASHINGTON, ESPECIALLY IN VIEW OF CONTINUING VIOLENCE THIS WEEK. DEPT AND AMB SHOULD CONSIDER WHAT, IF ANY, ACTION SHOULD BE TAKEN HERE UPON AMB'S RETURN NEXT WEEK, BUT PERHAPS NO REACTION TO SOMOZA WOULD BE CLEAR SIGNAL TO HIM THAT HE HAS TO SATISFY NICARAGUAN CRITICS AND OPPOSITION IN HIS INITIATIVES, NOT USG.  
RUBENSTEIN

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## Message Attributes

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